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STRENGTHENING OF THE COORDINATION OF HUMANITARIAN AND DISASTER RELIEF ASSISTANCE OF THE UNITED NATIONS, INCLUDING SPECIAL ECONOMIC ASSISTANCE: SPECIAL ECONOMIC ASSISTANCE TO INDIVIDUAL COUNTRIES OR REGIONS

Economic assistance to Vanuatu

Report of the Secretary-General

I. BACKGROUND

1. By its resolution 47/161 of 18 December 1992, the General Assembly requested the Secretary-General to continue his efforts to mobilize the necessary resources for an effective programme of financial, technical and material assistance to Vanuatu.

2. Vanuatu is a small archipelago nation of some 155,000 people with an annual population growth rate of 2.8 per cent. The majority of the population lives in the rural areas and is engaged in subsistence agriculture, primarily root crops and tropical fruits. Cash crops include copra, cattle, coffee and cocoa, which are produced on a smallholder basis. Service industries dominate the formal sector, consisting mainly of tourism, an international financial centre and the government sector. There has been a high level of foreign assistance provided by donors.

3. Gross domestic product (GDP) per capita averaged US$ 1,046 in 1990. Much of the growth in case revenue accrues to expatriates, who play an important role in the formal economy. Average incomes for Vanuatu nationals are estimated at less than half of the overall GDP per capita and are thus amongst the lowest in the South Pacific. Social indicators show infant mortality is still high, at 45 per 1,000, and life expectancy of about 63 years. Access to primary

* A/49/50/Rev.1.

education has improved considerably, with a primary enrolment rate of around 72 per cent. The adult literacy rate has been estimated at 64 per cent. However, significant differences in health and education levels exist between the rural and urban areas.

II. STRATEGIC POLICY AREAS

4. The main strategic policy areas for development are:

(a) Promoting the private sector development necessary for strong, sustained growth;

(b) Improving the management of the public sector;

(c) Developing the human resources of Vanuatu;

(d) Environmental management for the sustainable utilization of natural resources and safeguarding the natural beauty and biodiversity of the country.

III. COOPERATION WITH THE DONOR COMMUNITY

5. Vanuatu depends on concessional external assistance for a large proportion of its public sector investment. External assistance amounted to more than US$ 60 million in 1991/92 (25 per cent of GDP). Efficient utilization of external assistance is, therefore, an important determinant of the future path of economic growth for human development. In 1992 Vanuatu received US$ 30.5 million in external assistance (see annex).

6. The economic sectors accounted for about 60 per cent of total external assistance, with agriculture and natural resources accounting for about 22 per cent. Development administration and economic management accounted for about 31 per cent. Social services account for 22 per cent, with education absorbing most of this assistance. The health sector accounted for an insignificant amount of direct assistance from donors. Limited assistance has been channelled directly to the private sector, mainly through the Vanuatu Development Bank. A large proportion of external assistance has been devoted to technical assistance.

7. Bilateral donors provided the major part of the assistance (88 per cent to Vanuatu in 1992. The principal donors are Australia, the United Kingdom of Great Britain and Northern Ireland, France and Japan. Of the multilateral donors, United Nations agencies provide most of the assistance, particularly the United Nations Development Programme (UNDP).

IV. AID COORDINATION AND ROUND-TABLE MEETING

8. Following Vanuatu's first round-table meeting with donors in 1988, donors have continued to hold bilateral consultations with the Government to determine the priority areas for the use of development assistance. The donors themselves

consult with each other to ensure complementarity of their assistance, focus their aid in their areas of comparative advantage and avoid duplication of effort.

9. UNDP has been discussing with the Government the convening of a second round-table meeting as called for in General Assembly resolution 47/161. The Government has yet to decide on the timing for this second round-table meeting. Funds from Special Programme Resources (SPR) have been allocated by UNDP and are available for assisting the Government with the preparation and convening of the round-table meeting. UNDP is continuing its discussions with the Government and preparations will commence as soon as the Government decides on the timing of the round-table meeting.

V. COUNTRY AND REGIONAL PROGRAMME

10. The country programme for Vanuatu focuses on sustainable human development. The main programmes are rural water supply and sanitation, energy management and tourism development. The country programme is complemented by regional programmes concentrating on human development, focusing on basic education and life skills, water and sanitation and household food security; sustainable natural resource development, focusing on forestry, fisheries, energy, biodiversity, conservation and capacity-building for sustainable development; and economic and financial management and reform, focusing on economic and financial reform, strategic planning and small enterprises development.

VI. GLOBAL ENVIRONMENT FACILITY SOUTH PACIFIC BIODIVERSITY CONSERVATION PROGRAMME

11. Under this programme, a conservation area proposal has been developed for the protection of the Big Bay National Park in Vanuatu. This proposal is being developed as a matter of high priority because of a major threat to the biodiversity of the area through large-scale logging. Furthermore, a work programme that supports the local community through sustainable use of the renewable resources of the area would provide an important case-study that may be relevant to other forest people and areas considering the prospect of major logging.

VII. CAPACITY-BUILDING FOR SUSTAINABLE DEVELOPMENT IN THE SOUTH PACIFIC: BUILDING ON THE NATIONAL ENVIRONMENTAL MANAGEMENT STRATEGY

12. Vanuatu is one of the three countries selected to benefit from phase I of the programme. Under phase I, the following two components will be implemented in Vanuatu:

(a) National frameworks for sustainable development. One of the expected outcomes of this component is a real prospect of meaningful involvement of stakeholders outside the Government in policy formulation and the implementation of sustainable development activities;

(b) Sustainable development planning and financing. This component embraces action in the relatively new and vital area of the revised system of national accounts, which integrates economic and environmental factors.

13. As part of the assistance to Vanuatu under the programme, a programme officer will be based in Port Vila, who will be responsible for the activities in the country.

Annex

External assistance to Vanuatu, 1992

(In thousands of United States dollars)

Sector	Bilateral	Multilateral	Total
Economic management	4 262	1 001	5 263
Development administration	4 410	1	4 411
Natural resources	2 487	740	3 227
Human resource development	5 311	102	5 413
Agriculture	2 620	776	3 396
Area development	262	57	319
Industry	0	49	49
Energy	0	28	28
International trade	1 369	0	1 369
Domestic trade	0	319	319
Transport	4 520	0	4 520
Communications	861	0	861
Social development	714	569	1 283
Health	0	0	0
Disaster preparedness	0	23	23
Humanitarian aid and relief	0	0	0
Total	26 816	3 665	30 481